
FINANCIAL STATEMENTS

**ACCESS PRO BONO SOCIETY
OF BRITISH COLUMBIA**

March 31, 2013

***TW* TOMPKINS, WOZNY, MILLER & Co.**
Chartered Accountants

A partnership of incorporated professionals.

INDEPENDENT AUDITOR'S REPORT

To the Members of
Access Pro Bono Society of British Columbia

Report on the Financial Statements

We have audited the accompanying financial statements of Access Pro Bono Society of British Columbia, which comprise the statement of financial position as at March 31, 2013, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments for unrecorded revenue might be necessary to donations revenue, excess of expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Access Pro Bono Society of British Columbia as at March 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Society Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins, Wozny, Miller & Co.

Vancouver, Canada
August 23, 2013

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at March 31

	2013	2012
	\$	\$
ASSETS		
Current		
Cash <i>[note 3]</i>	110,559	90,276
Accounts receivable - HST	13,090	6,893
- grants and other	17,596	1,886
Prepaid expenses	7,852	10,382
	149,097	109,437
Capital assets <i>[note 4]</i>	39,086	7,897
	188,183	117,334
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 5]</i>	34,507	33,343
Deferred grants <i>[note 6]</i>	163,141	87,449
	197,648	120,792
Deferred contributions related to capital assets <i>[note 7]</i>	18,598	—
Total liabilities	216,246	120,792
NET ASSETS (DEFICIENCY)	(28,063)	(3,458)
	188,183	117,334

Commitment *[note 11]*

See accompanying notes to the financial statements

On behalf of the Board:

Director

Director

STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY)

Year ended March 31

	Invested in Capital Assets \$	Unrestricted deficiency \$	Total \$
2013			
Balance, beginning of year	7,897	(11,355)	(3,458)
Excess of expenses for the year	(8,000)	(16,605)	(24,605)
Capital asset purchases in the year	45,171	(45,171)	—
Restricted grants used for capital purchases	(24,579)	24,579	—
Balance, end of year	20,489	(48,552)	(28,063)
2012			
Balance, beginning of year	5,768	(563)	5,205
Excess of expenses for the year	(3,666)	(4,997)	(8,663)
Capital asset purchases in the year	5,795	(5,795)	—
Balance, end of year	7,897	(11,355)	(3,458)

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended March 31

	2013	2012
	\$	\$
REVENUE		
Grants <i>[note 6]</i>	520,262	537,113
Donations <i>[note 8]</i>	163,074	162,258
Other	5,748	1,538
Amortization of deferred contributions <i>[note 7]</i>	5,981	—
	695,065	700,909
EXPENSES		
Wages and benefits	503,184	447,933
Rent	59,949	54,434
Office and other	38,697	42,351
Disbursements	34,397	16,467
Consulting	16,404	59,694
Pro Bono Going Public event	16,313	12,450
Travel and seminars	14,132	15,915
Amortization of capital assets	13,981	3,666
Professional fees	10,440	15,048
Communications	8,886	7,623
Technology support	3,287	33,991
	719,670	709,572
Excess of expenses for the year	(24,605)	(8,663)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2013	2012
	\$	\$
OPERATING ACTIVITIES		
Excess of expenses for the year	(24,605)	(8,663)
Add items not affecting cash:		
Amortization of capital assets	13,981	3,666
Amortization of deferred contributions related to capital assets	(5,981)	—
	(16,605)	(4,997)
Changes in non-cash working capital items:		
Accounts receivable	(21,907)	12,617
Prepaid expenses	2,531	12,919
Accounts payable and accrued liabilities	1,163	(23,004)
Deferred grants	75,692	87,449
Cash provided by operating activities	40,874	84,984
INVESTING ACTIVITIES		
Purchases of capital assets	(45,170)	(5,795)
Purchases of capital assets with restricted grant	24,579	—
Cash used in investing activities	(20,591)	(5,795)
Increase in cash during the year	20,283	79,189
Cash, beginning of year	90,276	11,087
Cash, end of year	110,559	90,276

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

1. PURPOSE OF THE ORGANIZATION AND OPERATIONS

On April 1, 2010, Access Pro Bono Society of British Columbia (the "Society") was formed to assume the activities formerly carried out by Pro Bono Law of British Columbia and the Western Canada Association to Access Justice. The Society's purpose is to promote access to justice in B.C. by providing and fostering quality pro bono legal services for people and non-profit organizations of limited means. The Society is a not-for-profit organization and registered charity incorporated under the British Columbia Society Act. The Society is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful live of capital assets. Actual results could differ from these estimates.

Revenue Recognition

The Society follows the deferral method of accounting for revenue.

Restricted grants are recorded as deferred revenue when received and then recognized as revenue in the period in which the related expenses are incurred.

Unrestricted grants are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations are recorded on a cash basis and recorded as revenue when received.

Proceeds received from direct access gaming funding are recorded as deferred contributions or deferred contributions related to capital assets, if applicable, and are transferred to revenue as authorized expenditures are incurred.

Unrestricted investment income is recognized as revenue in accordance with the terms of the underlying investment, which in the case of interest, is generally with the passage of time.

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributed Services and Premises

Volunteer lawyers and other individuals, contribute their time to assist the Society in carrying out its activities. Their value is not recognized in these financial statements due to the difficulty in determining the fair value of such services. In 2013 approximately 16,700 in non-lawyer and 8,187 in lawyer hours were volunteered on behalf of the Society. These hours are unaudited.

Various host agencies provide premises as needed to allow the volunteer lawyers to meet with clients and provide services in a cost effective manner. Due to the difficulty in determining the fair value of the various premises provided during the year, the value of the contributed premises are not recognized in the financial statements.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Cash

For the purposes of determining cash flows, cash consists of cash deposited in the bank.

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are reported using the indirect method.

Capital Assets

Capital assets are recorded at cost, less accumulated amortization. Any capital assets contributed to the Society are recorded at the estimated fair market value at the date the contribution was made. Amortization is provided on a straight-line basis as outlined in Note 4.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Any non-recoverable amount will be recorded as an impairment charge in the year it is recognized.

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets consist of grants and other donations received that are restricted for the purchase of capital assets.

Amortization of deferred contributions related to capital assets is recorded at the same rate of amortization as the capital assets acquired.

3. CASH

	2013	2012
	\$	\$
Operating	20,576	15,327
Restricted for gaming grant initiatives	89,983	74,949
	110,559	90,276

4. CAPITAL ASSETS

	Amortization Rates	Cost \$	Accumulated Amortization \$	Net Book Value \$
2013				
Computers	3 yr straight line	19,692	9,585	10,107
Furniture and fixtures	5 yr straight line	36,879	7,900	28,979
		56,571	17,485	39,086
2012				
Computers	3 yr straight line	9,289	2,944	6,345
Furniture and fixtures	5 yr straight line	2,111	559	1,552
		11,400	3,503	7,897

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013	2012
	\$	\$
Operating	33,258	31,914
Vacation time	1,089	1,281
Government remittances - WorkSafe BC	160	148
	34,507	33,343

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

6. DEFERRED GRANTS

	Beginning of Year \$	Received & Receivable \$	Revenue Earned \$	End of Year \$
2013				
Law Foundation of BC - operations	—	365,000	365,000	—
Law Foundation of BC - rural & disabled access	10,000	—	10,000	—
Law Foundation of BC - case management	—	40,000	—	40,000
Law Foundation of BC - move	—	16,421	7,813	8,608
Law Foundation of BC - rent	—	3,933	3,933	—
Provincial Gaming	74,949	90,000	74,966	89,983
The Notary Foundation	—	25,000	25,000	—
City of Vancouver	2,500	10,100	10,050	2,550
Pro Bono Law Alberta	—	10,000	10,000	—
Vancouver Foundation	—	10,000	10,000	—
Legal Information Society of Nova Scotia	—	3,500	3,500	—
Legal Services Society, BC	—	20,000	—	20,000
Borden Ladner Gervais	—	2,000	—	2,000
	87,449	595,954	520,262	163,141
2012				
Law Foundation of BC - operations	—	390,000	390,000	—
Law Foundation of BC - rural & disabled access	—	57,000	47,000	10,000
Provincial Gaming	—	105,000	30,051	74,949
Vancouver Foundation	—	30,000	30,000	—
Access Justice	—	14,032	14,032	—
Victoria Foundation	—	12,000	12,000	—
City of Vancouver	—	11,030	8,530	2,500
Pro Bono Law Saskatchewan	—	5,000	5,000	—
Surrey Foundation	—	500	500	—
	—	624,562	537,113	87,449

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2013 \$	2012 \$
Balance, beginning of year	—	—
Add: Law Foundation move grant spent on capital expenses	24,579	—
Less: Amounts amortized to revenue	(5,981)	—
Balance, end of year	18,598	—

A grant from the Law Foundation of British Columbia was received for the office move in the amount of \$41,000. Of this amount, \$24,579 was spent of capital items and \$16,421 allocated to period expenses in 2013 [note 6].

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

8. DONATIONS

	2013 \$	2012 \$
Donations	94,467	99,521
Fun Run	366	—
Pro Bono Going Public Event	63,415	54,152
Silent Auction	4,826	8,585
	163,074	162,258

9. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at March 31, 2013.

Credit Risk

The Society's exposure to credit risk is indicated by the carrying amounts of its cash and accounts receivable. The Society limits its exposure to credit loss by placing its cash with a chartered Canadian financial institution. Management believes that the Society is not exposed to an unusual level of credit risk.

Interest Rate Risk

All of the Society's financial instruments are non-interest bearing except for cash that earns interest at variable market rates.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

10. ECONOMIC DEPENDENCE

The primary source of the Society's revenue is the operating grants from the Law Foundation of British Columbia as described in note 6. The Society's ability to continue viable operations is dependent upon maintaining this source of revenue. These financial statements have been prepared on a going concern basis on the assumption this source of funding will continue to finance the Society's program activities.

11. COMMITMENT

On March 1, 2013, the Society entered into a lease agreement for its premises which requires the following annual lease payments, including the estimated operating costs and GST, over the next five years until February 28, 2018:

	\$
2014	120,960
2015	120,960
2016	120,960
2017	120,960
2018	110,880
	<u>594,720</u>

The Society has secured a lease subsidy grant from the Law Society/Law Foundation of BC in the amount of \$47,200 per annum to partially subsidize the above lease payments.